

Sole Director's Proposal to allocate amounts to other reserves

On the agenda of 28 April 2021 Extraordinary General Shareholders' Meeting, the Fund's Sole Director proposes the cancellation of the 797,961,287 treasury shares repurchased through the eleventh buy-back programme. The estimated negative reserve that would arise when the cancellation of these shares would be recorded amounts to RON 671,941,938¹. For prudential reasons, the Fund's Sole Director recommends that RON 671,941,938 to be allocated to other reserves in order to be available for covering the negative reserves, from the following sources:

	RON
- Distributions for which the statute of limitation occurred	5,573,277
- 2017 unallocated profit	49,099,309
- 2018 unallocated profit	12,536,187
- 2019 unallocated profit	604,733,165

The actual coverage of this negative reserve using the said amount of RON 671,941,938 will be subject to shareholders' approval during the shareholders' meeting subsequent to the completion of all cancellation steps.

If the Fund's Sole Director proposals for the retained profits allocation included on the agenda of 28 April 2021 General Shareholders' Meeting are approved by the shareholders, the remaining balance of Fund's unallocated retained earnings will be as follows:

Retained earnings components	Audited balance as at 31 Dec 2020	Amounts proposed for allocation, subject for 28 April 2021 GSM approval	Remaining unallocated balances
2016 unallocated profit	269,399,398	(269,399,398)	-
2017 unallocated profit	318,162,571	(318,162,571)	-
Retained earnings resulted from transition to IFRS 9 starting with 1 January 2018	4,248,175,069	-	4,248,175,069
2018 unallocated profit	12,536,187	(12,536,187)	-
2019 unallocated profit	2,319,385,862	(604,733,165)	1,714,652,697
Loss for the year ended 31 December 2020	(102,978,968)	102,978,968	-
Total retained earnings	7,064,680,119		5,962,827,766

Franklin Templeton International Services S.à r.L, in its capacity of alternative investment fund manager of FONDUL PROPRIETATEA S.A.

Johan Meyer

Permanent Representative

¹ For further details see the memo regarding the share capital decrease published on the Fund's website as supporting documentation for the annual General Shareholders Meeting held on 28 April 2021: [www.fondulproprietea.ro/ Investor-Relations/GSM-information/GSM-documentation](http://www.fondulproprietea.ro/Investor-Relations/GSM-information/GSM-documentation).